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222226



April 30, 2008

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APR 30 2008

**SURFACE
TRANSPORTATION BOARD**

Anne K. Quinlan, Esq.
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

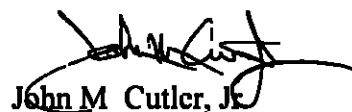
Re: Finance Docket No 35134
Squaw Creek Southern Railroad, Inc. – Lease and Operating
Exemption – Central of Georgia Railroad Company

Dear Ms Quinlan:

Enclosed for filing is a signed original and 10 copies of a Verified Notice of Exemption in the captioned proceeding, accompanied by a CD formatted for Microsoft Word, containing the text of the filing.

We enclose our check in the amount of \$1,600 as the filing fee for this Notice. Kindly use the extra copy of this transmittal letter and notice to record receipt of this filing and return it to our messenger.

Sincerely,


John M. Cutler, Jr.

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**SURFACE
TRANSPORTATION BOARD**

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ORIGINAL

Before The
Surface Transportation Board

Finance Docket No 35134

SQUAW CREEK SOUTHERN RAILROAD, INC

-- Lease and Operating Exemption --

CENTRAL OF GEORGIA RAILROAD COMPANY

Verified Notice of Exemption



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COMES NOW Squaw Creek Southern Railroad, INC ("SCS") and files this Notice of Exemption from regulation under 49 U S C §10902, pursuant to the provisions of 49 U S C §10502 and 49 C F R § 1150 41, to permit SCS to lease and operate a line of railroad currently owned and operated by Central of Georgia Railroad Company ("CGA"), a wholly-owned subsidiary of Norfolk Southern Railway Company, ("NSR"), between approximately Milepost F-53 75 at Machen, Jasper County, Georgia, and Milepost F-75 5 at Madison, Morgan County, Georgia (the "Line")

Pursuant to the Board's regulations at 49 C F R § 1150 43, SCS states as follows

Full Name of Class III Carrier – 49 C.F.R. §§1150.43(a)

The full name of the Class III carrier who is the applicant is Squaw Creek Southern Railroad, Inc with business address of P O Box 303, Boonville, Indiana,

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47601

Name, Address and Telephone of Class III Carrier's Representative To Receive

Correspondence – 49 C.F.R. §1150.43(b)

Andrew P Goldstein
John M Cutler, Jr
McCarthy, Sweeney & Harkaway, P C
2175 K Street, N W , Suite 600
Washington, DC 20037
(202) 775-5560

A Statement That an Agreement Has Been Reached – 49 C.F.R. §1150.43(c)

SCS and CGA have reached an agreement on a lease agreement. Unless terminated early in accordance with the terms of the lease, the lease would last for a term of twenty (20) years. The Agreement provides that if NS terminates the Agreement under specified circumstances, NS shall reimburse or make payment to SCS in accordance with the terms of the Agreement. The parties have agreed that the lease will become effective on June 1, 2008.

Operator of the Property – 49 C.F.R. 1150.43(d)

Presently, the Line is owned and operated by CGA. After the consummation of the lease, SCS will operate the Line and serve the customers thereon.

Brief Summary of Transaction – 49 C.F.R. §1150.43(e)

- (1) CGA will lease the Line to SCS. CGA's business address is Three Commercial Place, Norfolk, VA 23510.

(2) SCS is an existing Class III railroad whose other leased line does not connect with the Line it here intends to lease and operate SCS will conduct common carrier rail service over the Line

There is presently no legal requirement for SCS to disclose any potential interchange commitments that are part of the lease agreement entered into between SCS and CGA. However, the Board currently has an open proceeding in which it is considering a proposed rule that would require disclosure in a petition for exemption such as this one of potential interchange commitments contained in a lease. Ex Parte 575 (Sub-No. 1) *Review of Rail Access and Competition Issues – Renewed Petition of the Western Coal Traffic League* (Decision served Oct. 30, 2007). That proposed rule would also create a right, which does not exist today, for certain parties to examine lease terms subject to a confidentiality order. Consistent with the spirit of the proposed Ex Parte No. 575 (Sub-No. 1) rules, SCS is disclosing herein certain terms of the lease agreement.

The Line serves twelve shippers, including two who account for most of the traffic. In addition to CGA, the Line connects with CSX Transportation ("CSX"), which also serves one of the Line's two large shippers directly, and with Great Walton Railroad.

The lease between SCS and CGA specifically provides that there is no restriction on SCS's ability to interchange traffic with any other connecting carrier. SCS is permitted expressly by the terms of the Lease to publish local and switching rates without interchange restrictions of any sort between itself and any other railroad. The

Lease provides for an annual rental amount which SCS can pay in full or against which it can receive rental credits for cars interchanged to CGA. Regardless of interchange credits, the annual lease payments may not be reduced below a certain minimum. This arrangement was reached after CGA offered to lease the line to SCS for the same annual lease amount with no lease credits. However, SCS specifically requested an alternative arrangement (1) to make the transaction more financially viable for SCS, and (2) to permit SCS to access the capital it desires to expend to maintain and improve the Line.

SCS will earn a per car handling line fee from NSR for each car originating or terminating on SCS and interchanged with CGA. Because the Lease does not bar SCS from interchanging traffic with connections other than CGA, an appropriate offer of switching charges to SCS from the shippers and/or connecting carriers other than CGA could result in the diversion of traffic from CGA/NSR. For these reasons, SCS does not believe that the lease violates the spirit or the letter of the proposed rules in Ex Parte No. 575 (Sub-No. 1).

(3) The parties to the lease intend the commencement date to be June 1, 2008.

Unless terminated early in accordance with the terms of the lease, the lease would last for a term of twenty (20) years.

(4) The Line is located in Georgia and extends from approximately Milepost F-53.75 at Machen, Jasper County, Georgia, and Milepost F-75.5 at Madison, Morgan County, Georgia (the "Line").

(5) The total route miles equal 21 75 miles

Map – 49 C.F.R. §1150.43(f)

A map of the Line is attached hereto and made a part hereof in Appendix A

Certificate of Revenues - 49 C.F.R. §1150.43(g)

In a certificate, which is attached hereto as Appendix B and is made a part hereof, SCS hereby certifies that its projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under Section 1150 45

Caption Summary 49 CFR 1150.44

A caption summary in the prescribed form is attached as Appendix C to this Notice

Environmental and Historic Preservation Data 49 CFR 1105

Pursuant to 49 CFR 1105 6(c)(2), the proposed transaction is exempt from environmental review under 49 CFR 1105 6(c)(2)(i), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 1105 7(e)(4) or (5)

In addition, this transaction is exempt from historic review under 1105 8(b)(1) Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue Further Board approval is required for the parties to abandon service, and

there are no plans to dispose of or alter the properties subject to Board jurisdiction

Certification of Compliance with Public L. No. 110-161, § 193, 121 Stat. 1844 (2007).

SCS hereby certifies that, pursuant to the Consolidated Appropriations Act, 2008, Pub L No 110-161, § 193 121 Stat 1844 (2007), Applicant will not engage in any of the following activities on any of the rail properties being acquired, operate any solid waste rail transfer facility for the collection, storage or transfer of solid waste outside of its original shipping container, or separating or processing solid waste (including baling, crushing, compacting and shredding) as the term "solid waste" is defined in section 2004 of the Solid Waste Disposal Act, 42 U S C 6903.

Conclusion

For the foregoing reasons, SCS submits that the proposed lease and operation of the Line meet the criteria for the class exemption from the prior approval requirements of 49 U S C §10902 under the Board's regulations at 49 C F R §1150 41-43 and request that the Board publish the appropriate Notice of Exemption

Respectfully submitted,



Andrew P. Goldstein
John M. Cutler, Jr.
McCarthy, Sweeney & Harkaway, P C
2175 K Street, N W , Suite 600
Washington, DC 20037
(202) 775-5560

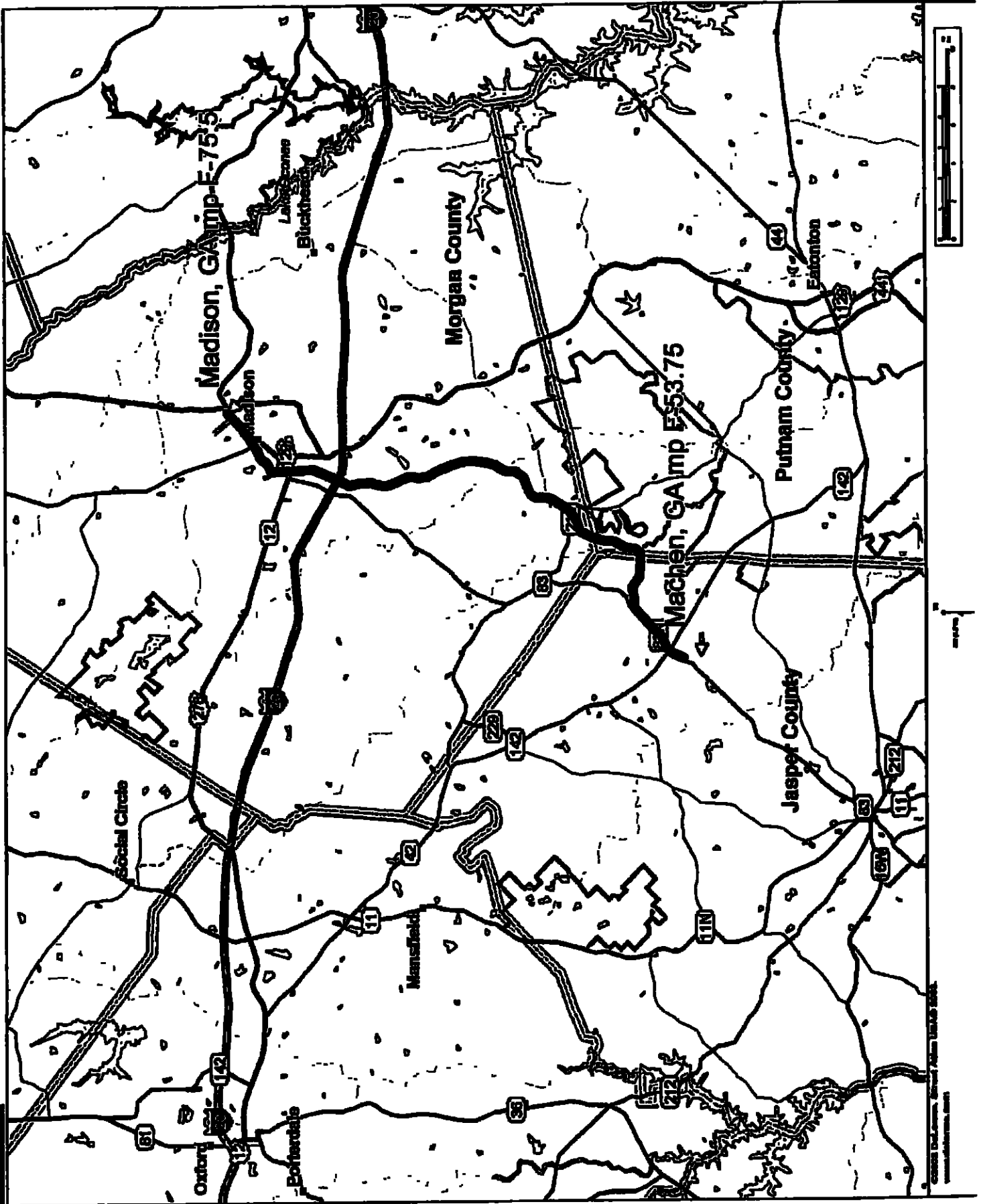
Dated April 30 , 2008

VERIFICATION

Pursuant to 28 U S C 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct

Executed on April 16, 2008

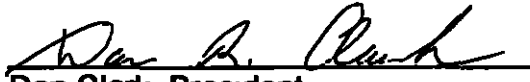

Dan Clark, President
Squaw Creek Southern Railroad Company



APPENDIX B
CERTIFICATION

I hereby certify (1), pursuant to 49 C F R §1150 42-43, that

- (1) The projected annual revenues of the Line will not result in the creation of a Class II or Class I rail carrier so as to require processing under 49 C F R §1150 45, and
- (2) The projected projected annual revenue of the Line to be leased and operated, together with SCS's projected annual revenue, do not exceed \$5 million
- Therefore, is not required to post, at the workplace of employees on the Line, notice of SCS's intent to undertake the proposed transaction



Dan Clark, President
Squaw Creek Southern Railroad, Inc

Dated April 16, 2008

APPENDIX C

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO 35134

**SQUAW CREEK SOUTHERN RAILROAD COMPANY
– LEASE AND OPERATION EXEMPTION –
CENTRAL OF GEORGIA RAILROAD COMPANY**

NOTICE OF LEASE AND OPERATION OF RAIL LINE

Squaw Creek Southern Railroad Company ("SCS"), an existing Class III short line railroad common carrier, has filed a Verified Notice of Exemption Under 49 C F R 1150 41 to lease and operate a line of railroad currently owned by Central of Georgia Railroad Company ("CGA"), a subsidiary of Norfolk Southern Railway Company ("NSR") The subject rail property consists of approximately 21 75 miles of railroad between Milepost F-53 75 in Macken, Jasper County, Georgia, and Milepost F-75 5 in Madison, Morgan County, Georgia

SCS plans to consummate this transaction on June 1, 2008

This notice is filed under 49 C F R 1150 11 If the notice contains false or misleading information, the exemption is void, *ab initio* The filing of a petition to revoke will not automatically stay the transaction

(seal)

**Anne K. Quinlan
Acting Secretary**